

# **US SMALL BUSINESS ADMINISTRATION**

**Regulatory Enforcement Fairness Hearing  
Nashville, TN**

**January 17, 2007**

## PROCEEDINGS

[START TAPE 1, SIDE A]

**CLINT SMITH (TENNESSEE DISTRICT DIRECTOR):** It's a great opportunity. We appreciate Nick and his staff holding this event here in Nashville and we appreciate the NFRB and the Nashville Chamber for helping us host this event and publicize it and BellSouth for letting us use this meeting room here today. This is a great facility for an event like this so we're pleased to be able to use the room today. Welcome, and since this is such a small group here today, let's just go around the room and introduce yourselves, and we want to keep this informal and you can have questions anytime.

[Unintelligible - roundtable style individual introductions of the conference attendees]

**CLINT SMITH:** I'm Clint Smith; I'm the Tennessee District Director for the Small Business Administration. Again, welcome, and I hope you find this morning very informative and helpful, and, with that, I'm going to turn the program over to Nick Owens. Nick is the SBA National Ombudsman and his office is responsible for putting together events like this around the country, and again, Nick, thank you very much for picking Nashville and giving us this opportunity.

**NICK OWENS:** Thank you. Thank you, Clint. Certainly, thank you for your leadership here in Nashville and to all of your staff who are doing a fabulous job for SBA. First I just want to introduce two very important people to SBA and to America's small businesses and that's of course, the chairman of our Regional Regulatory Fairness Board, Bruce McCrory, from Mobile, Alabama, and from Tallahassee, Florida, Ed Rodriguez. So Bruce, I'd like to first welcome you, and thanks for coming.

**BRUCE MCCRORY:** I like that part about being important. We're not important, we're just a part of the process here that, you know, I'm sort of just preaching to the choir, because it's too bad there's not more small businesses represented in here.

This is my second term on the board and I have been really impressed with this operation. I got into it involved through our trade association, National Roofing Contractors. I am a roofing contractor out of Mobile, small business, and I have found this to be a really good tool to bring government and business together to solve problems and I have been impressed by the reaction of a lot of the federal agencies in doing a very good job at solving those problems when we have those hearings.

So, I think it's been a great process. I wish more people would

take advantage of it. I thank you for participating and I thank all of the businesses for participating. And this is my second hearing in Nashville, and, you guys have done a wonderful job at hosting this and thank you for that. I'm looking at this at being another positive move towards solving problems and moving things towards the way it ought to be, so, thank you.

**NICK OWENS:** Thank you, Bruce. Ed, please.

**ED RODRIGUEZ:** Well, my name's Ed Rodriguez and I'm President of Connectiv Solutions, which is a small business, based in Tallahassee, Florida, the state capital of Florida. I must say, you all have some cold weather here right now. I'm not too used to that, even in North Florida.

This is my first year serving on the Small Business Office National Ombudsman Regulatory Fairness Board. I'm a member of Region Four, which covers the Southeastern US and I just echo the comments that Bruce made, and I'm sure Nick will make, as to the important work that the Board does to troubleshoot problems for small businesses throughout the country. Problems that they may be having with a variety of federal government agencies. And as a member of the Florida Black Chamber of Commerce and the Florida Hispanic Chamber of Commerce, that is especially a real important resource, especially for minority and women-owned businesses. So, thank you for the opportunity to visit with you, and I look forward to hearing your comments this morning.

**NICK OWENS:** Thank you. Thank you Ed and thank you Bruce. Again, it is indeed a pleasure to be in Music City. To be in Nashville. I spent a lot of quality time here back in the 90s, when I worked in the healthcare world, which, as we know, Nashville is the healthcare capital of the country, and my home state is Mississippi. So, it is especially great to be back in the South to a neighboring state. And I certainly want to recognize Congressman Jim Cooper's office for being here. We certainly appreciate his leadership in Congress, and I was just recently meeting with Senator Corker and I can tell you he's doing a great job for the State already, just weeks on the job, and he, of course, serves on the Senate Small Business Committee. So it's very important for every small business represented in this state.

So, I do want to say thank you to NFIB, Valerie, terrific working to, enjoy working with you. We had an event a few months ago in Memphis which was a success and, of course, Katy and Erica with the Nashville Chamber of Commerce, we thank you for your leadership here. It certainly is from City Hall to the Capitol, folks look at the Chamber of Commerce, in this city as well as from across the state, for guidance and for wise counsel. So does the Congressman and, of course, so do your Senators. And certainly the NFIB and thank you for

your leadership. One thing NFIB was active in was the Regulatory Flexibility Initiative, which encouraged the state authority to provide more regulatory flexibility and take a look at state rules to analyze how they impact the small business and provide that flexibility. So, certainly, thank you for that.

If I surveyed the current entrepreneurial and small business climate, I could tell you there has never been a more exciting time to be a part of America's small businesses. Blessed with the opportunity of success, we also know there are challenges. And I will tell you that I am thrilled to have this opportunity to be here, albeit, not a hundred small business representatives, but key folks are here, and I appreciate Mike and your leadership with the Nashville Chamber, as vice-chairman of the Small Business Committee. The state of America's small businesses has never been stronger before, and, of course, they represent 99.7% of all businesses in the country. That's over 25 million small businesses. And every day it's because of the leadership and the ingenuity of the small business owners that we're realizing that we're achieving more jobs, be it national or across the state, as well as we're achieving growth in our economy.

And, as I said, with the opportunities of success for businesses here, be it in Murfreesboro or be it in Knoxville, there are challenges. There are challenges for every successful business and its compliance challenges and regulatory challenges. And Bruce made a comment when he was coming in the door, which I often say, and that is the ingenuity of small business owners did not come from the federal government. And when we say we're here from the government and we're here to help you, we actually mean it. But a lot of times, we hear small businesses just sigh and say that it's not true. But, we certainly, we are the office within the federal government, together with good folks like Tom Hicks with the Department of Labor's Office of Small Business, who travels around the country from Washington for these issues. President Bush has said often that the role of government is not to create wealth but to facilitate opportunities for small business. That's, of course, the opportunity for the entrepreneurial spirit to flourish and that's the role of government, to provide that access. And the President knows that unfair and excessive federal regulatory enforcement is an issue for small business today.

I deal in an environment where we address the issue of the "gotcha" attitude. And there can be that attitude within the federal government. And we work closely with our partners across the administration to address those issues. The President's policies have been focused on streamlining regulations recognizing that you can't operate in an environment if you're a small business where you're faced with unfair tactics, unfair rules and regulations. And we certainly focus on these issues every day when we're all up in

Washington and working on the regional Regulatory and Fairness Board. What's an example of an unfair tactic, unfair rule, and an excessive regulation? That can be an excessive audit on your business, it can be an excessive investigations [unintelligible], excessive audit, inspections, unfair compliance measures being required. There are a myriad of issues that would fall within that criteria of being unfair, excessive regulation. The Office of the National Ombudsman helps entrepreneurs keep more of their hard-earned money in their pocket for you to decide what to do with it. And, of course, we know the two most precious commodities for small business [unintelligible] is your time and your money. So that certainly is an issue that we are aware of.

The SBA's Office of Advocacy estimates that federal regulations alone cost small businesses between 60% and 80% more than does the larger businesses, let's say with 500 employees or more. Because they often can't employ teams of accountants and lobbyists and consultants to represent their interests, so it certainly is an issue that we know that you could spend more of your money, whether it's marketing of the small business, expanding your infrastructure, building, it could be an issue of providing healthcare for your small businesses and for your employees. The time small business spends on answering and complying with unfair tactics would be better spent on any other issues, let's say, investing for retirement. But our office, what do we do? We act as a troubleshooter. We deal with problems. We call them comments. They're complaints. And we look forward to those because that's our job.

And small business comments, let's say you comment here today about an issue, or we receive it via email or in the mail, and we can receive through the web as well, we will act on your behalf as a liaison for a review, with federal agencies, for a high-level review with federal agencies, to review the fairness of the action. Not only do we assist small businesses, but also small government entities, the population could be a thousand or less, and also non-profit organizations that have issues with the federal government. We usually do not address issues that do not, rather, I would say, would relate outside of excessive on unfair regulatory enforcement, but we certainly do not turn folks away if they contact us for assistance, even if it's an issue of getting a return phone call from an agency or if it's an issue that's maybe about a rule being promulgated, or a proposal by a federal agency, then we'll refer that to our Office of Advocacy who is doing a superb job of looking after and being a watchdog for small business.

For a little history, Congress created the Office of the National Ombudsman and the 10 regional Regulatory Fairness Boards, which Bruce and Edward are a part of in 1996 and this was part of the Small Business Regulatory Enforcement Fairness Act. We have a 50-member

board across the country that is appointed by the administrator of the SBA, with clearance of the White House, and its important because these folks are the eyes and ears across the country for small businesses so I would certainly advise you to stay connected, have your contact information as you are familiar with issues affecting your area. We hold hearings such as this, roundtables across the country, to listen to small business concerns. It's important to get outside that Washington beltway to listen to and learn from and better understand the concerns affecting small businesses.

And one important aspect is our job accountability. We are accountable to Congress. Congress created our office and we annually report to Congress a rating of federal agencies, from A to F on issues of timeliness, quality of response, did they just send a form response to your concern or did they seriously look into your matter? And, also, compliance assistance with non-retaliation. It's important that small businesses can make a comment, can make a complaint about the federal government, be it a federal employee, or a regulation, or a regulatory enforcement matter, and not feel that they will have retaliation. As a troubleshooter, I am certainly energized by what we can do. Now, while we cannot achieve 100% success for every small business concern, we can guarantee 100% of our effort. We have an able staff that's listening in from our line here in Washington, who do a superb job for small business here in Tennessee and across the country. I want to give you a few examples of enforcement action that we have been able to assist with.

The Department of Homeland Security, the US Customs Board of Protection, there was an issue for a small business where it was alleged that they had imported a counterfeit good. A handbag is what it was. A handbag, it was a business. And they were assessed a, penalized \$64,000 penalty for that. That's a lot of money. Whether it's \$100,000, \$1,000, or \$100, that's a lot for a small businessperson. And also, it's an issue of integrity, and they have a keen interest in protecting their good name. And this small business had the same issue. And with that \$64,000 penalty, they contacted our office and we in turn contacted the Department of Homeland Security and requested a high-level review of this, and, through digital photography, they were able to determine that the bag was, in fact, not counterfeit. And they overturned that \$64,000 penalty.

In Seattle, Washington, there were three grocers that testified at a Regulatory Fairness Hearing that the USDA had disqualified him from the Food Stamp program, alleging fraud. Well, they contacted our office, and we worked closely with USDA in the Food and Nutrition Service on the issue. And this was where these three grocery stores were [unintelligible] for some of the folks that live in that business; rather, live in that community, that this was important to them, because

this was a high food stamp community, users of food stamps. And I will tell you, with that issue, is that we know it certainly impacted that community and impacted that business, USDA recognized there were fairness problems with that issue and they overturned that. So that was good. In Maine, we had a small mine operator, who insisted that his mine safety and health reports had indeed, had been submitted to the regional office. Well, the regional office denied receipt, saying they had never received the reports. We certainly know with federal representation here, the reports were reported to have been filed, of course, and after filing the comment with our office, it was determined in fact, that the small business did file the reports and the penalties were waived. In Illinois, there was a small brewpub that had a dispute with the Department of Labor's Wage and Hour Board. We appreciate the good wage and hour folks being here, Carol. As whether the brew master of that business should be salaried or hourly, well that was a business decision for that business and with that brew master. But with that, the owner spent over \$7,000 in attorney fees contesting the issue. He contacted our office and we were able to help facilitate an equitable settlement.

Another similar incident just across over in Georgia, a shipping company was fined \$2,000 from the US Customs for an alleged violation of an import/export regulation. The business contacted our office and the US Customs refunded the fine due to an inadvertent error by the agency. So, a lot of the issues may be a regulatory enforcement matter, but also, I deal with folks who need to navigate through federal regulatory enforcement, to know who to talk to. Navigating even the federal bureaucracy of voicemail is an issue for a small businessperson. So, we are certainly doing everything we can to be of assistance and we certainly appreciate the good folks in Tennessee in our SBA office who we work closely with in helping do more for small business.

What we do really calls for outreach. One important aspect of my job is outreach. To let folks know. I think it's important that we have our federal partners here because you may hear of issues within the small business community that you recommend they contact the National Ombudsman's office. To have our Congressional representation here as well as the Small Business Council for Nashville. We're doing more work with Governors, state officials; I also trade associations such as NFIB, the Chamber of Commerce. It's important that we can get the word out that we're available and accessible for small business.

Many years ago, former President Ronald Reagan said the government's view of the economy at that time could be summed up in a few short phrases and that was, if it moves, you tax it, if it keeps moving, you regulate it, and if it stops, you subsidize it. Well, keeping with that, I could tell you with that [unintelligible], that small business

should be operating environmental regulations are effective, and not excessive. So our mission is to create a more small business regulatory enforcement environment, and more friendly small business regulatory enforcement environment, and, that is a key component of our administrator's at SBA's agenda, as well as the President's small business agenda. So, at the SBA, we want to be that partner for small business.

I want to open this opportunity for questions, for comments, if you don't have a complaint, and you want to have a comment, how we can do a better job in outreach, how we can do a better job working with our federal partners, as well as for small business. If you have any comments about regulations, concerns about any federal agency, and it's important in the RFEA we can assist you with any federal agency within the government. We also have a web address, which is [www.sba.gov/ombudsman](http://www.sba.gov/ombudsman), and our toll-free number is 1-888-REG-FAIR. So, certainly please be in contact with us. And with that, I'd certainly like to welcome that. I welcome comments from you on issues that we certainly should be aware of and how we can assist you. Thank you. Well, shall we start just calling folks up to the mike? I'd certainly like to recognize the vice-chairman of the Small Business Council and tell us about the Nashville small business community.

**MIKE CARTER:** First of all, thank you. I'm so glad to be here to be part of this forum.

**NICK OWENS:** I tell you what sir, if you don't mind, because we are recording this for the purpose of our Federal Register, and, rather for our federal records, could you come down here?

**MIKE CARTER:** We at the Small Business, again, I cheer the Small Business Council. I'm VP of Small Business for the National Chamber here from the Executive Board and the full Board of Governors. And so, it is a priority for this Chamber to focus in on small business and I share that with you from the standpoint it is a new priority. It is a new, important, along with education; there is nothing else more important in terms of our Chamber, than the small business. We make up 90% of the basic membership of the National Chamber, which is made up of 2,500 businesses. We make up 90% of that basic membership of those businesses that have less than 100 people. And if you start with the past, unfortunately, and I say unfortunately, the focus has not been on small business. Even though we make up the majority of the membership base, there has been, to a large degree, a focus in terms of large business concerns. We wanted to make sure we get the senior people of those organizations to be supportive of the Chamber. And so, it has been a personal drive, I have a passion, about small business.

I moved here four years ago from Europe and Canada, and when



I started my business, of course, the first organization I became affiliated with was the Chamber. And I, in fact, am on two different Chamber boards because my business has a leg in two different areas. One, Dickerson County, but also in Williamson County. So, I'm on both Chamber boards, and with the Nashville Chamber, what I recognized was that this is a very active, very robust Chamber that is involved in a lot of different activities. But that focus on, again, the small business people that we serve, I didn't see that. And so, you don't go in, of course, as a general, to go interview, you look at, given a sense of the land, the landscape, and you come in as a corporal and you just look at it. So, after a couple of years, I realized this is not acceptable.

So, at our last inner city visit, where we go every year and we go and experience the city, to glean, to understand what they're doing that's different, unique, that we could bring back to Nashville, I said, [unintelligible] and this is before a crowd of 140 people, and this is the Mayor, and the Mayor staff, and all, the, again, the key partners, again, of our Chamber. I said, we need to have a greater influence on small business. Well, from that, truly there's been a group of us that have been very active in saying, let's make it a priority, and it had to become a priority, so that our Chamber leadership, our presidency, our Chamber board president who was a small business person, it is now part of their mantra, it is now part of their discussion when they're going out there talking to the Rotary and they're talking to, again, any other civic organization. So, in our Small Business Council, when I first became affiliated with the Small Business Council, we had 15 people. Now we have over 70 people. Again, this morning, we had over 60 people that were there.

And so, when we come here in May, we will fill this auditorium. We'll hear from Marty Dickinson, the CEO of Bellsouth, and what we will look at is trying to make sure that from a collaborative standpoint, we talk about small business challenges and opportunities. We're the engine of this economy. We're the ones that create the jobs in this country. And truly, we need to make sure that we're actively making sure that our voices are being heard about what's important and that's one very big point of this and I promise you we will do better to get small business people here to have a forum. To make sure that we again are letting our voice speak out about what's kind of important to us. But then also, there's the challenge of us wanting to make sure we play. Being here is playing so my disappointment is that we don't have enough people here to play. And that's the challenge of that we face, I think in terms of talking with small business because, we want to move to a point where we work at our business, not in our business, and, too often, the reality is that small business owners wear multiple hats. You know, they're the janitors, the dishwashers, and so it is challenging for

them to get here. And so when I spoke with my people, a lot of the people that are part of my council, in terms of coming over here this morning, they had to go back to work.

And so, it's that issue of trying to make sure it's a priority. It's an issue in terms of outreach in making sure that we touch people to say, you need to be involved in this. This is important. This is going to impact your business. Okay, so make it a priority. Even though we, again, we know you've got to get back to work. We know that it's a challenge in terms of having a substitute that you might have to compensate to take your place for that particular day. So, you know, we have some outreach efforts. And when all is said and done, I boil it down to outreach efforts that really is marketing. And it's marketing in nature in terms of trying to make sure we reach out and say to people that look this is important to you.

Now we talk about being involved in political. And it's not, it doesn't matter if you're a large business concern or a small business concern, typically, with business people, it's not an important issue. Until you've got a problem. When you've got problems, then you want to go see your councilman. When you have a problem, then you want to go see your state legislator. Or the US Congressman. Because you've got problems. And it should be just the reverse. It should be about relationships, it should be realizing the importance of being active and engaged as it pertains to, to make sure that you grow your business, that's your role as the CEO and President, it really is, and you can't wait until you have a challenge in front of you before that happens. You know, if you come here and you write a \$5,000 contribution check, the reality is that people don't know you. It's going to be hard for you to look at getting [unintelligible]. So, in summation, we need to be collaborative and want to be collaborative. So, Mr. Smith, you and I need to talk after this.

**CLINT SMITH:** We do?

**MIKE CARTER:** I'm probably one of your largest borrowers. Okay, in terms of, again, who do I have? I have a, I don't have a, what type of loan do I have? It's a...

**CLINT SMITH:** 504 loans?

**MIKE CARTER:** I have a 504 loan. Is that what's tied to real estate?

**CLINT SMITH:** Yes.

**MIKE CARTER:** I had a lot of bad relationships [unintelligible].

[Laughter]

**MIKE CARTER:** But I've got a \$1.4 million loan. In terms of

[unintelligible], that's like number three, if not number two. So, again,

**CLINT SMITH:** We're not talked out yet, we could...

[Laughter]

**MIKE CARTER:** That's great; you can just pull it out of your bank account.

[Laughter]

**MIKE CARTER:** I am a great advocate of the, uh, 504 loan. Forgive me, that's a sign of age. Because, again, we work with the CDCs here locally to make that happen. And the reality is that it's a \$4 million project. The issue with me trying to leverage that in a way where I didn't have to put up 25% of that was going to the 504 loan, again, it was a matter of cooperation, I put up more than 16%, and I've got to tell you Mr. Smith. [Unintelligible]. So, but, it was a, I'm an advocate, no one could call on me. And the reality is, I would be more than happy to, in fact, talk about my basic support for SBA and CDC because of my experience of working with some great people here locally. And that was three-and-a-half to four years ago.

So there are other folks, who, again, as I said, from a marketing standpoint, from an outreach standpoint, we just need to look at things. I know you're busy, I know that you're swamped, but the reality is that it's important. You know, it really is important to look and make sure that we are tied in, in terms of, again, to SBA, we're tied in terms of again, to what's taking place on a federal basis on things that impact us. Because most small business people just hunker down, trying to make sure they can make the payroll, hunker down to make sure they've got folks that show up for work and making sure that if someone gets sick, they've got someone else who can take their place. So, I've gone way too long, I apologize but I hope that provides you with some feedback.

**NICK OWENS:** Certainly. Thank you.

**CLINT SMITH:** Two things that come to mind as I hear you speak is (1) don't be too hard on yourself that you don't have a room full of folks here that have complaints. Maybe that's a good sign. Maybe the government is doing the job of improving itself. And I kind of think that's the case. I hope that's the case. But, also, you can go back to your constituents and say, there are ways to file complaints and not necessarily be at a hearing. And you can do that online or you can do that with a letter or a telephone call. And that's available; I understand the case of being back at the office, and taking care of things. You're hard on yourself from that standpoint. The other thing is, I have been in hearings where we have positive comments. And I like to hear those too. And so, if you have any of your folks that you go back to, business people that have positive comments about

something the government straightened out or did, we like to have that in the record also.

**MIKE CARTER:** Exactly, Mr. [Unintelligible]. And forgive me, I didn't [unintelligible].

**CLINT SMITH:** I'm just saying, I'm just bringing those up.

**MIKE CARTER:** Yeah, my challenges again, in fact, are that I don't have more of my peers here, because I'm sure that there are folks just like I talked about the 504 loan, and talked about the positive experience. It wasn't, and it is not always negative. My issue is that, from an outreach standpoint, from a marketing standpoint, there is a need to make sure that people understand that there is a National Ombudsman. There is a need to make sure that they have a sense in terms of the plethora of SBA supported programs. They don't. They don't. Of the meeting this morning, of the 60+ people that were there, I can almost tell you that 2/3 of them have no clue in terms of all that SBA has to offer, knowing about you Mr. Owens, they just wouldn't. And we've got to do a better job doing that. And I say again, we, because it is collaborative.

So, I would love to set up a forum, where we would look at having you, Mr. Smith, come and talk to us, I mean, we'd have surely [unintelligible], who's one of the leading, who's had a business for 28 years in Middle Tennessee, who's a real trailblazer in terms of real estate areas. He is probably the largest real estate broker in Middle Tennessee. And I had my wife come in, who is President of a \$1.5 billion company, you know, two months ago, then we had a senior person with ATA Corporation, the largest hospital corporation in the world, come and talk about challenges and concerns for small businesses, and again, you see them light up. Because they've heard about these companies, but they've never had the opportunity to really face-to-face go and talk to a senior person. I can tend to think the same thing's true about SBA. Because they have just not taken the time to make sure that they understand what it's all about, and maybe then, opportunities, so we've got to develop a better process, it's a marketing issue. It's not always negative, you're right, but you have, we just don't even know. We've got to do a better job of letting them know what's available. Can I sit down now?

[Laughter]

**NICK OWENS:** Thank you for your comments and certainly we want to provide you information that you can send out to your members and to your council regarding our office, and, of course, Mr. Smith can certainly speak at your event. I certainly don't want to speak on your behalf what you can speak, but [unintelligible] opportunity.

**CLINT SMITH:** Encourage it. I'd be glad to.

**NICK OWENS:** Any other comments regarding small business or national SBA issues, your own federal agencies, I welcome the opportunity for federal partners to make comments on any concerns. Tom Hicks is the supervisor, supervisor analyst, is that right, for small business [unintelligible]?

**TOM HICKS:** Thank you Nick. My name is Tom Hicks. I'm from the US Department of Labor, Small Business Program. We're a non-enforcement agency within the Department of Labor and I'd like one of the ways that our federal agency is somewhat unique in the way that we implement the peripheral requirements. We ask that our full-time group of people that are responsible for peripheral requirements that work on my unit, on small business programs, we work with the Department of Labor enforcement agencies to ensure that there is a substantial amount of outreach to small business owners around the country. We work to make sure that when those comments come in from Nick's office regarding DOL issues that we get response from the Assistant Secretary who's the highest level to assist you in that agency. Many times we hope to get them on a timely fashion and in most cases; we do fairly well according to the annual reports to Congress.

One of the things I wanted to just briefly mention, particularly on one of the comments you made earlier, we've spent a substantial amount of time trying to get information out to small business around the country. What we've even tried, what we, my office has even done now, is when we find out where a hearing is going to be taking place, we even send out information to our stakeholder departments to try to encourage or improve response in attendance and things like that. And I, you know, I'm probably one of the few federal people that has been involved in this briefing stuff, fairly early and when the briefing was approved six or seven years ago, I've done, um, for me to have these hearings, the room would be filled out and there would be half the room on top of the [unintelligible] and the other half on the [unintelligible]. And, we would spend hours hearing people talk about good comments and bad comments, and, so now, because we don't hear those comments, I go back and tell my folks, hey, you guys are doing a great job.

[Laughter]

**TOM HICKS:** No-one's coming in and commenting. To be honest with you, I think part of that, too, I think another reason why is that so much tie is spent trying to run, run the small business that you don't have time to come and do something like this so if you if you have positives in groups or organizations, I encourage you to try to get them involved in events and activities. One of the things that we're doing at the Department of Labor with our federal enforcement agency department is we go around with these employee compliance system

forms around the country. And what we're doing this year to be budget-conscious in terms of our travel and things like that, we're working in conjunction with the Register Hearing Schedule and looking at places around the country to do a forum, maybe a day before the hearing or the day after the hearing to try to leave all the people with information about the Department of Labor. Some of the events that I attended the resources we have to help you in running your business, from everyday things – I brought some compliance systems materials here. [Unintelligible]. Most of the time I just give them to the SBA and distribute them there in their offices. [Unintelligible] about coming back from Nashville and doing an employee compliance systems forum during the summer. Maybe I could come back to Nashville again; I think this is my third, probably my fourth time in six years that I've been involved. Thank you.

**NICK OWENS:** Excellent. Thank you, Tom. Any other comments?

**TOM HICKS:** I just wanted to add one more comment about what Nick said about our win-win situation at the Department of Labor. In that case where the miner had indicated that he sent the report in on a timely basis. Not only did the Department of Labor admit it was their mistake, the Assistant Secretary, the highest level official in that agency called that small business owner personally and apologized for, you know, for that mistake.

**NICK OWENS:** Certainly. Certainly an important point. And to add to that, I can tell you across the federal agencies, the leadership of these agencies, from Assistant Secretary, it's certainly the Secretary are all a part of the President's agenda in small business, having a small business friendly regulatory environment is important to these agencies. And sometimes, it may be an enforcement issue that doesn't, that message doesn't get down to the "gotcha" attitude that you may deal with within the federal government, but certainly the leadership within the agencies take these comments seriously and we certainly do. So, thank you.

**CLINT SMITH:** We had a couple of people come in late. Before ya'll come in, everybody introduced themselves. Would ya'll like doing that now?

**CHARLES MANELLA:** I came in before you did. My name is Charles Manella. I am a recent relocate, actually returning to Tennessee from Michigan, and former CEO and owner of a manufacturing company, acting as an independent consultant, which means I'm not sure if I'm going to look for a job or buy another business. I've had the opportunity to work somewhat with the local SBA, [unintelligible] one of the local offices. [Unintelligible] I came here mostly today to listen and to offer comments. I'm not here as a

local businessman.

**NICK OWENS:** Thank you for being here.

**CLINT SMITH:** Welcome to Tennessee.

**MIKE MADDEN:** Hi, I'm Mike Madden, and I'm a leadership development company here in Middle Tennessee and I'm a member of the Small Business Council, and it was Michael who encouraged me to come over here. I work with a number of small and intermediate sized companies and I came over here to listen, to try to understand more about what the issues are that they face, and, to echo Michael's comment, it's hard for him to admit accomplishing things, but he's so humble that, but, I attended the Small Business Council meeting last summer, and there was a smaller than this and today I walked out of a meeting that was packed [unintelligible] and it had to do with relevance. It had to do with reaching out. And these people who Michael was talking about who were [unintelligible] are making time now in their day because they know there is something there for them. So it is that marketing thing and I just wanted to echo what you were saying because I'm one of those people out there who [unintelligible] because there is something there of value. You're doing great things and I know [unintelligible]. Thank you very much.

**CLINT SMITH:** Thank you for being here. I can't pass up an opportunity when we have a crowd to do a little advertisement of our SBA district office and what we do here in Tennessee. We've had three record years in a row for small business lending. Three years ago, we had a 25% increase in lending, year before last, we had a 43% increase and last year, we had a 19% increase. If you rank the district offices on a national basis, around the country, on the increase in loan production, we would be number 12. So, I'm very proud of what's going on, but I'm not satisfied. We want to do much better. We have set high goals for ourselves and we're working very hard to achieve it. We had our staff out here every day visiting with banks and doing lender training and promoting our loan programs and also doing potential borrower seminars, educating the public on our programs and trying to generate loan volume from the grassroots up. So, we're very involved.

We also are sponsors of the Small Business Development Center. We put, the federal government, the SBA, puts \$1.6 million a year into that program and the state matches that in cash and in kind, so it's over a \$3 million program here in Tennessee. They have counselors that are available to provide on-on-one assistance to small businesses and they provide a lot of training too. They had over 14,000 clients last year across Tennessee. They're spread out around the state so that if anybody wants their, needs their assistance, they can drive to an SPDC center in less than an hour. So, widely dispersed, very accessible to the public, for assistance.

We also sponsor SCORE, and that's a well known, and probably the best bargain in government. SCORE is an acronym for Service Corp of Retired Executives, and we have five SCORE chapters here in Tennessee, about 250 members in those chapters and every one of them are volunteers. That doesn't cost the government anything. And these are people that have been in business, they have been very successful in business or they have held very high-level management positions in other companies. And they have a strong interest in the small business community and they volunteer their time back to the small businesses. They do one-on-one counseling and actually, they're a great mentor. We have counselors that have worked with one business for 10 or 12 years. If an issue comes up and they need a good sounding board, well, does this make sense, or does this work or should I do this. You know, it's good to have somebody you can call and get another opinion before you make your decisions.

So, they're a great resource for small businesses. They counseled over 5,000 people last year. So, nearly 20,000 received help from those two resources. And, between the 504 program that Michael mentioned and the 7(a) program, we've loaned about \$200 million last year in Tennessee. So, we're pleased with that and we did it with a staff of 13 people. That covers the whole state. We're proud of that too. So, everybody's working hard to make sure that small businesses have access to the capital they need to expand their businesses, to start businesses, and the resources they need to get the advice and information they need to do that successfully.

So, thank you very much for being here again. Thank you for all our hosts, the NFIB, the Nashville Chamber, Bellsouth, and Nick, again, we appreciate you coming from Washington today and selecting Tennessee as a site for one of these hearings. Gentlemen, thank you very much for being here.

**JOSE MENDEZ:** I believe there are some federal agencies online. Can those be recognized at this time please?

**ANNETTE HILL:** Hi, this is Annette Hill, Small Business Program Manager for EPA in the Southeastern region, which covers Tennessee and we also have Melissa Marshall -

**MELISSA MARSHALL:** [Interposing] From EPA headquarters.

**JOSE MENDEZ:** Got it? I'm hoping that they did not disconnect at the other end, by the way, they were a little rushed in there. I'm not sure why they did not consult with me first.

**NICK OWENS:** Okay. That's Jose, he keeps us straight. He's from our office. With that, thank you EPA, thank you Angela, Melissa for joining us today.

**JOSE MENDEZ:** Anybody else?



**NICK OWENS:** Okay. Thank you.

**JOSE MENDEZ:** Got it.

[END TRANSCRIPT]